

Approved: September 25, 2007
Minutes – KHPA Board Meeting
August 20/21, 2007, Capitol Plaza, Emerald Rooms, Topeka KS

Board Members Absent:

- SRS Secretary Don Jordan

All Remaining Board Members Present

Board Staff Present:

- Dr. Marcia J. Nielsen, Executive Director
- Dr. Andrew Allison, Deputy Director
- Scott Brunner, Chief Financial Officer
- Dr. Barb Langner, Policy Director

Legal Counsel Present

- H. Philip Elwood

Guests:

- Ray Dalton, SRS Deputy Secretary (attended August 20th)
- Laura Howard, SRS Assistant Secretary (attended August 21st)
- Doug Halferty, Dept on Aging (attended portion of August 20th)
- Robin J. Kempf, KHPA Inspector General
- Steve Schramm, Michelle Raleigh, and Gabe Smith, SchrammRaleigh Health Services LLC

Call to Order – Welcome by Connie Hubbell, Board Chair

Chair Hubbell called the meeting to order, invited members of the public to sign up for Public Comments to be held at the end of the day, and reviewed today's agenda.

Review and Approval of Minutes. The minutes from the June 19, 2007, KHPA Board meeting had been previously distributed and reviewed by the Board members.

ACTION: A motion was made, seconded and passed to approve these minutes as printed.

Revised Membership to KHPA Human Capital and Compensation Committee. At the request of Secretary Kathy Greenlee, her name will be removed from the current membership to the Human Capital and Compensation Committee.

ACTION: A motion was made and carried to approve the appointment of Rob Kaplan as the new member to the Human Capital and Compensation Committee.

Report on Status of Inspector General Position. Scott Brunner and Arneatha Martin (Chair, KHPA Human Capital and Compensation Committee) reported that an initial interview was held with three candidates via conference call on July 27th, attended also by Ned Holland, Chair of KHPA Finance and Audit Committee. A follow-up meeting of the top two candidates and members of the KHPA Committees and Dr. Nielsen was held on August 1st. It was the recommendation of these committees to appoint Robin J. Kempf as the KHPA Inspector General, subject to Senate confirmation.

ACTION: A motion was made and carried to appoint Robin J. Kempf as KHPA Inspector General, subject to Senate confirmation, at the salary level which was discussed and approved during a previous Committee teleconference meeting.

Updates by Dr. Marcia J. Nielsen, Executive Director

Update on Legislative Interim Committees. KHPA had been requested to provide an update on the Presumptive Medical Disability Determination Program to the Legislative Budget Committee on August 14th. Staff will also present testimony to members of the Joint Committee on Health Policy on August 22nd on these issues: Health Reform, Health Information

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Technology, Prevention and Primary Care Demographics, Medicaid Citizenship Verification Requirements, the Health Reform Listening Tour, Advisory Councils, and the Premium Assistance Program. Copies of testimony for these Committees are available at www.khpa.ks.gov. Steve Schramm with SchrammLeigh Health Services, the independent consultant who is preparing the health reform benefit models for the KHPA Board, will also present to the Joint Oversight Committee.

Health Reform Listening Tour. KHPA Board members and staff have been traveling to a number of communities across the state to conduct a listening tour on health reform. Twenty-two cities have agreed to host this Tour at various community venues. There has been an overwhelming response of attendance and participation. A summary of the Tour events held from July 25th through August 3rd was distributed to the group and reviewed. Several Board members commented on the recurring themes of: 1) importance of prevention; 2) importance of nutrition/exercise at schools; and 3) issues with accessibility to providers, especially in rural areas.

Health Reform eMail Exchange. Dr. Nielsen reported that an on-line messaging center is now available on the KHPA webpage: www.khpa.ks.gov. This list serve is available for the general public and instructions to sign up are outlined at the KHPA webpage.

Report by Dr. Andrew Allison, Deputy Executive Director and Director of Medicaid and HealthWave Programs
Introduction of Dr. Hareesh Mavoori. Dr. Hareesh Mavoori joined KHPA on August 20th, as the agency's Director of Data Policy and Evaluation. Dr. Mavoori had previously worked as lead research supervisor of biostatistics and operations management at Hawaii Pacific Health since 2003. Prior to that, Dr. Mavoori supervised a team of technical staff at Bell Laboratories in New Jersey. He received his MBA from the Hawaii Pacific University and received his PhD in Materials Science and Engineering at the Northwestern University, Evanston, Illinois.

Status of Citizenship and Identity Verification Requirements. As reported at previous Board meetings, the Medicaid application and enrollment process had been significantly impacted due to the federal provision of the Deficit Reduction Act which became effective July 2006, requiring all Medicaid applicants to provide adequate documentation of citizenship and identification. The overall impact on enrollment over the past number of months has been estimated at 18,000 to 20,000 unprocessed reviews and applications. The 2007 Legislature appropriated \$1.4 million in additional funding to address this backlog which resulted in the hiring of 13 contract staff and 4 KHPA staff. Currently, unprocessed applications and reviews have dropped to 10,000, representing a net reduction of about 5,000 delayed applications since February 2007. KHPA is on target to have this backlog eliminated by the end of 2007.

Report on Disproportionate Share for Hospitals (DSH). A new methodology for Disproportionate Share for Hospitals (DSH) had been developed over the past months and was announced to all Kansas Medicaid hospital providers on August 14th. Copies of the new proposed schedule of DSH payments along with the historic payments was distributed and reviewed, along with a Summary outlining the DSH reform and the Modeling Overview. The new model is subject to approval by the Centers of Medicare/Medicaid Services (CMS) and would provide for a three-year transition to the new methodology in FY 2008 to FY 2010. Additional DSH reforms included in this proposal are:

- Change the base Medicaid reimbursement for Kansas Critical Access Hospitals to cover costs.
- Limit 10% of Kansas Medicaid DSH payments for out-of-state community hospitals.
- Exclude the Kansas University Hospital from the DSH formula given their unique Medicaid payment formula as a public hospital.
- Provide a one-time 50% payment to multi-year DSH hospitals that lose eligibility.

A resolution was presented to the Board, to recommend the adoption of the new methodology for Medicaid DSH payments as described in these documents and as discussed in the KHPA Finance Committee meeting on August 13th, to be implemented this fiscal year subject to federal approval.

ACTION ITEM: A motion was made for the Board to adopt the proposed methodology for DSH payments, as per the resolution stated above.

ACTION ITEM: This motion was amended to include the Board's directive for KHPA staff to monitor access for children's services at Children's Mercy for any adverse impact this new methodology may have on the Hospital, and that staff do this review on an annual basis over the upcoming three years. Any adverse impact on Children's Mercy due to the new DSH methodology will then be reported and reviewed by the KHPA Board. Motion carried.

ACTION ITEM: A second motion was made to direct KHPA staff to review the Medicaid State Plan by the end of September 2007 for any additional clarification needed by CMS and that any input from CMS on the state plan approval would be shared with the Board regarding the changes made to the payments to Children's Mercy Hospital. Motion carried.

Reauthorization of State Children's Health Insurance Program (SCHIP). Federal funding for SCHIP in all states will end effective September 2007 unless federal reauthorization of the program is granted. SCHIP legislation is currently being considered by both Houses, and a comparison of the House and the Senate legislation was distributed and briefly

reviewed.

Premium Assistance. The development of the new Premium Assistance Plan is underway and is currently in the design phase of the Plan. KHPA had been in contact with various health plans, providers, consumers, and advocates to identify remaining design issues. During September 2007, a formal request for information from potential bidders will begin the procurement process, and a formal request for proposals from private plans will be issued during December 2007. January 2009 is the target implementation date of Phase I expansion, for families up to 50% of poverty.

Update from SRS Secretary Don Jordan

SRS Managed Care Contracts. Ray Dalton, SRS Deputy Secretary, briefly updated the group on the status of new contracts for mental health (Kansas Health Solutions) and substance abuse (ValueOptions) services. The transition to these new contractors effective July 1, 2007, continues to go very well. Regular meetings with the contractors and SRS staff are occurring to address any concerns with the transition.

ACTION ITEM: Chair Hubbell requested that SRS provide an update on this issue to the Board on a quarterly basis.

Report by Scott Brunner, Chief Financial Officer

Review of Budget Reports. The **KHPA FY 2007 Expenditure Report** which outlined expenditures through June 2007 was reviewed by the Board members. This report included expenditures in the areas of Assistance, Administration, Funding, and the State Employees Health Benefits program. The **FY 2008 Expenditure Report** for July 2007 was reviewed as well. The **FY 2007, 2008, and 2009 Budget Summary** document was reviewed which provided information on FY 2007 Actual Expenditures, FY 2008 Approved and Revised Budget, and FY 2009 Proposed Budget. This information was outlined for each agency Division.

Review of KHPA Budget Proposals, by Dr. Marci Nielsen and Scott Brunner

Review of KHPA Budget Proposals. Dr. Nielsen explained that there were six budget proposals to be reviewed and discussed by the Board today. These proposals did not include any budget proposals related to health reform as those will be separately submitted with the health reform budget on November 1st. These six proposals were specifically agency proposals and included those requests needed to fulfill KHPA's obligation to Senate Bill 11 (i.e. Premium Assistance).

- 1) **Automating the Prescription Drug Prior Authorization (PA) System.** This proposal would allow Kansas Medicaid to secure a contract to develop a statewide automated prior authorization system that could be access at point of care by pharmacists. Currently, a manual PA system is being used. Estimated one-time costs were \$662,500 SGF, \$662,500 Other Funds, for total of \$1,325,000.
 - Staff Recommendation: To include funding as FY 2009 enhancement.
 - Board Discussion: Consensus was that automating the PA system was necessary and cost-effective.
 - Board Action: Table proposal until September 25th when more information may be available on the Transformation Grant funding.
- 2) **Procurement of Integrated Enrollment System.** This proposal relates to the need to procure an enrollment system that is capable of accommodating all enrollment functions within KHPA, including private and public health insurance programs. Cost estimates ranged from \$5.0 million to \$20.0 million (however additional data are being gathered).
 - Staff Recommendation: To request funding as FY 2009 enhancement. Additional cost data will be gathered and shared with the Board at the September 25, 2007 meeting.
 - Board Discussion: The cost estimate range needs to be narrowed down. Need to have details on on-going costs vs. start-up costs. Board is supportive of studying this proposal further but need to have more discussion around the timing for this proposal in light of several efforts being done including: 1) plans for Data Consortium to integrate data systems within KHPA and 2) status of SRS' efforts to change the Medicaid enrollment system which began several years ago. Suggest that cost-savings be provided to the Legislature with this proposal which would outline the amount of money saved by 2011 or 2012. Also need to know if funding for this proposal can be found within current contract savings.
 - Board Action: Table until the September 25th Board meeting when more information is available on cost estimate.
- 3) **Imaging Software.** This request would purchase an imaging system to electronically store documents in a central database for sharing and long-term storage. Cost estimate was \$100,000 including \$32,700 from the SGF.
 - Staff Recommendation: Recommend enhancement funding for FY 2009.

Board Action: Proceed with the project within available agency resources.

- 4) **Premium Assistance Implementation.** The 2007 Legislature added \$1.0 million to FY 2008 budget to begin implementation of premium assistance, which was authorized by SB 11. Enrollment in participating health plans will begin for the first phase in January 2009. This will require additional staff resources within KHPA, contract amendments, and funding for the assistance offered to families. Estimated cost for this request is \$2,560,000, with \$1,280,000 as SGF.
- Staff Recommendation: Recommend to include these administrative costs to implement premium assistance as enhancement for FY 2009.
 - Board Action: Table until the September 25th Board meeting to review additional information on a multi-year view that would outline program costs and administrative costs.
- 5) **Expansion of Enhanced Care Management (ECM) Program.** The current ECM pilot program is operational in Sedgwick County. This budget proposal requests an expansion of the program to one additional region for FY 2009 and reassess for possible statewide implementation. The estimated costs to continue the ECM pilot in Sedgwick County for FY 2009 is approximately \$1.1 million. The cost for the expansion into a rural area would be an additional \$750,000, including \$200,000 in start-up costs to begin by January 2009.
- Staff Recommendation: Support a budget enhancement for FY 2009 to continue the Sedgwick County ECM pilot, including an expansion to one additional region of the state which would include a rural population, contingent upon a satisfactory evaluation of the Sedgwick County site in Fall 2008.
 - Board Discussion: Current enrollment is fairly low (181 patients) but that is likely due to the program being voluntary. To develop a mandatory ECM program, the submission of a Medicaid waiver to the CMS Office would be required. Requested more data on number of individuals who are eligible but not participating. Requested that this proposal to be resubmitted as two proposals: 1) the on-going costs of current ECM program and 2) the proposed cost estimate for the request to expand into a rural area.
 - Board Action: Table until the September 25th Board meeting and return with two separate proposals on the ECM program. One option would be to continue the current project in Sedgwick County for an additional year. The second option would combine expansion of ECM as a pilot project into a rural area in combination with a Community Health Record option.
- 6) **Expansion of Community Health Record (CHR) for Medicaid and State Employee Health Plan.** This proposal would refine the current model being used by Medicaid managed care providers in Sedgwick County and expand to a rural health environment; also design this model expansion for the development of a statewide CHR for feasibility of inclusion of Medicaid/HealthWave and State Employee Health Plan enrollees. Cost is estimated to be in the range of \$350,000 to \$1.0 million.
- Staff Recommendation: Request funding as an enhancement for FY 2009 for proposal as described above.
 - Board Discussion: Requested more information on the cost of operating the current CHR pilot in Sedgwick County. Also requested that this proposal be resubmitted as two separate options: 1) the on-going costs of the current CHR program and 2) the proposed cost to expand into a rural area.
 - Board Action: Table until the September 25th Board and return with two separate proposals on the CHR program.

Board members closed this discussion by ranking the above-mentioned proposals in this order (with #1 being the highest priority):

- #1 – Premium Assistance
- #2 – Procurement of an Integrated Enrollment System
- #3 – Automating the Prescription Drug Prior Authorization System
- #4 and #5 – ECM and CHR Proposals (current programs)
- #6 and #7 – Expanded ECM and CHR Proposals

HEALTH REFORM

Overview of Prevention and Chronic Disease Management, by KDHE Secretary Rod Bremby

Secretary Bremby provided an overview on prevention and chronic disease management by outlining:

- Scope: Cost; Coverage; Containment
- Strategies: Modifying behavior towards tobacco use, lack of physical activity, and poor nutrition
 - Focus on prevention
 - Use intervention sites at medical settings, school, work site, and community
 - Utilize locations of a) children in school; b) adults in the workplace; c) KS seniors in community
 - Prevention and control of diabetes

- The Chronic Care Model
- Proposals: Tobacco Control, Strengthen/Increase Physical Activity in schools, Address Nutrition and Obesity
- Additional Prevention Initiatives: Enhanced cancer screening, incentives for workplace wellness programs, and community health improvement programs

ACTION ITEM: The KDHE proposals described above will be reviewed in detail at the September 25th Board meeting, at which time long-term-care reform proposals from SRS and Dept on Aging will be presented and discussed.

KHPA Health Reform Advisory Councils – Interim Recommendations

The Chairs from the Consumer, Provider, and Purchaser Advisory Councils were introduced to the group, followed by a report on the health reform recommendations from their respective Councils:

1. Peggy Johnson, Consumer Council Chair
2. William Mahoney, Provider Vice-Chair (in the absence of Janet Williams, Council Chair)
3. Jane Chandler-Holt, Purchaser Chair

A copy of the Councils' Interim Recommendations (available at: www.khpa.ks.gov) was distributed and reviewed by the Board members. Councils' recommendations were framed around three areas: 1) Providing and Protecting Affordable Health Insurance; 2) Paying for Prevention and Primary Care; and 3) Promoting Personal Responsibility. Among the main points of Councils' discussion included:

- The Benefits Package should be comprehensive and include prevention component.
- All Small Businesses should receive incentives for offering health coverage.
- Individual/Employer Responsibility and Individual/Employer Mandates – recognized the importance of Kansas employers contributing in order to achieve health care for all Kansans but couldn't agree on employer mandate; overall support for individual mandate but questioned the practicality of a mandate; need to emphasize individual responsibility whenever possible; additional information is needed before determining individual's contribution for an "affordable" health plan.
- Overall support for exploring a Health Insurance Connector for Consumer and Provider Councils; however Purchaser Council opposed an insurance connector.
- Having a dedicated, sustainable Revenue Stream was critical to the sustainability of health reform; overall support for a tobacco tax increase.
- Healthy Lifestyles/Interventions/Decrease Obesity and Tobacco Use – included unanimous support for increased physical education in schools; decrease obesity and tobacco use with focus on education; ban smoking at workplaces; all sectors of government should be involved in public policies that address obesity and tobacco use.
- Health Benefit Designs should reflect lifestyle behaviors to incentivize and reward health; however change will only occur when individuals are accountable for their choices.
- Overall support for Patient-Centered Medical Home delivery system.
- Focus Prevention Education and efforts on children and chronic disease management.

ACTION ITEM: KHPA Board members and staff thanked the Council Chairs for their time and commitment while serving as Chairs. They will return to the September 25th Board meeting to present their final health reform recommendations.

Report on Health for all Kansans Steering Committee, by Chair Joe Tilghman

A meeting with the Health for all Kansans Steering Committee was held on August 1st at which time the members were updated on:

1. the work of the Advisory Councils;
2. implementation plans for Premium Assistance;
3. the Health Reform Listening Tour;
4. the Robert Wood Johnson/State Coverage Institute grant related to health reform

At this meeting, the draft Health Reform Roadmap was also reviewed by the HFAK members. The definitions of "universal coverage" and "affordable coverage" were discussed, the tentative timeline for implementation was reviewed, the design of benefits and benefit package was discussed. The HFAK members learned that Steve Schramm would be presenting at the August KHPA Board meeting on the proposed benefit models; the members will hear more information on the consultant's work at the next HFAK meeting which is scheduled for October 2nd, at 9:00 am in Topeka.

Dr. Barb Langner reported on the Robert Wood Johnson State Coverage Institute (SCI) grant which had recently been awarded to Kansas along with several additional states. Members of the Kansas SCI Team include many of the current HFAK members, and they will be traveling to Chicago on September 26th through 28th for the official SCI Kick-Off meeting at which time they will interact with SCI faculty on health reform efforts currently underway in a number of states. There will be more information shared with the Board after the September SCI Kick-Off meeting.

Presentation of Health Insurance Benefit Models, by Steve Schramm, SchrammLeigh Health Services

Dr. Nielsen introduced Steve Schramm to the Board members and acknowledged his work and expertise with health reform efforts in Maine, Massachusetts, and Connecticut. She expressed her appreciation to the five health foundations which have provided funding and support for the current health reform efforts in Kansas, to include: the United Methodist Health Ministry Fund, Sunflower Foundation, Health Care for Kansans, the REACH Healthcare Foundation, and the Health Care Foundation of Greater Kansas City.

Mr. Schramm began by reviewing a proposed timeline with the group, which began with review of the initial draft of health insurance models at today's meeting, to be fine-tuned at the September Board meeting, with final discussion and review at the October Board meeting, and then to finalize and submit the models to the legislative committees in November.

He described the following four components included in each of the proposed models:

1. Program Design – how individuals get into the health coverage system (employer mandate, eligibility criteria)
2. Target Population – population for enrollment
3. Benefits Included – plan design
4. Service Delivery Network – how services will be provided

Mr. Schramm outlined the various scenarios during his presentation which were:

- Baseline Scenario: Current distribution plus include the Premium Assistance plan.
- Reference Scenario: Waiver expansion of public programs for children and adults up to 250% FPL
- Affordable Coverage Scenario: Health Insurance Connector/Exchange with Voluntary Expansion for Individuals and Businesses
- Universal Coverage Scenario: Health Insurance Connector/Exchange with Mandatory Expansion for Individuals and Businesses

Additional considerations posed to the Board were:

- 1) Define "health reform": Is it health insurance for Kansas? Is it health care access for Kansas? Is it health care coverage for Kansas?
- 2) Define the role of a "connector": What would be its authority? Would it a "clearinghouse" concept? Would it negotiate with the insurance market? Would it require statutory authority?
- 3) With a voluntary connector, need to be cautious of crowd-out and impact to market dynamics;
- 4) With the mandatory connector, would need both individual and business participation and penalties.

The Board members agreed on these additional alternatives:

- a) focus on special populations i.e. children
- b) consider some type of mandate for coverage to children (offer insurance sign-up at schools)
- c) provide service delivery through managed care purchasing
- d) consider tax credits for small businesses
- e) maximize federal dollars through use of waivers
- f) focus on marketing the 125 provision which currently exists in Kansas
- g) provide for a dedicated revenue stream (increase tobacco tax, use federal match)

Models to be refined and returned back to the Board for the September 25th meeting are:

- Affordable model – health insurance connector with voluntary participation
- Universal model – specifically requested by the Governor; health insurance connector with mandatory participation
- Sequential model – incremental approach with vision of health reform
- "Mountain" model – state of Kansas would be direct-purchaser of health insurance

Immediate steps toward health reform model are:

- Expand Medicaid/SCHIP to 350% FPL and expand to children up through 18 years of age
- Mandate coverage of children through age of 18 years
- Automatic enrollment to Medicaid/SCHIP
- Define other coverage (such as Premium Assistance) for children who don't qualify for Medicaid/SCHIP

Additional steps to table for review in upcoming years:

- Other Medicaid expansion for Year 2 or Year 3 to increase coverage to 250% FPL
- Pilot at either rural or urban area using tax credits, health opportunity accounts, Section 125
- Incorporate family coverage into the basic benefit package
- Coverage for young adults
- Reinsurance
- Consider the role of a connector with the Sequential model for Year 2 or Year 3

ACTION ITEM: Mr. Schramm will refine the models described above and return for the September 25th Board meeting for additional review.

ACTION ITEM: Dr. Nielsen advised that a range of options to market Section 125 for small businesses will be developed and brought back to the September 25th Board meeting for additional review.

ACTION ITEM: Dr. Barb Langner will provide additional details regarding the criteria for the voluntary participation/health insurance connector model.

Closing by Connie Hubbell, Board Chair

Public Comments. There were no public comments from the audience on either August 20th or August 21st.

Adjournment. Meeting was adjourned.

Next Meeting. Tuesday, September 25, 2007, 8:30 am to 3:30 pm at the Ramada Inn, Madison Room, 420 SE 6th, Topeka KS.

Suggested Agenda Items for September KHPA Board meeting

- Final Review and Board Action on FY 2008/2009 KHPA Budget Proposals
- Policy Presentation by Dr. Ray Davis
- Review and Board Action on Proposed Regulation 129-5-1 re: Prior Authorization
- Health Reform: Final Recommendations from Advisory Councils – Joint Agency Budget Presentations on Long Term Care Reforms (SRS and Aging) - Report from Steve Schramm on Benefit Models

8-29-07